



Credit Union National Association

cuna.org

DANIEL A. MICA
PRESIDENT & CEO

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | **PHONE:** 202-638-5777 | **FAX:** 202-638-7734

July 30, 2009

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve Board
20th and C Streets, NW
Washington, DC 20551

Re: Interim Final Rule Implementing the Credit Card Accountability Responsibility and Disclosure Act

Dear Chairman Bernanke:

On behalf the Credit Union National Association, I am writing to you and the entire Board of Governors to respectfully request that the Board delay compliance with the 21-day notice provisions for open-end plans other than credit cards set to take effect August 20, 2009, under the Board's new interim final rule implementing the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act). CUNA is the largest credit union advocacy organization in this country, representing approximately 90% of the nation's 8,000 state and federal credit unions, which serve 92 million members.

Credit unions are facing horrendous problems as they seek to make good faith efforts to comply with the 21-day notice provisions for all open-end plans, which include general lines of credit, lines of credit associated with share draft and checking accounts, signature loans, home equity lines of credit and other types of loans permitted under open-ended lending. That provision prohibits creditors from treating payments as being late, which will mean they cannot file a credit report, must advance additional credit or may not charge a late fee even if the payment was late, unless creditors provide a periodic statement disclosure to members 21 days before the payment due date. Credit unions want to comply with all legal requirements, but these provisions have created severe implementation problems that are unprecedented in the credit union system.

Credit unions differ from other financial institutions in that they often provide their members with consolidated statements that combine information about all savings, checking, and loan accounts that the member has with the credit union. It is our understanding that credit union members appreciate and generally prefer consolidated statements, as opposed to receiving multiple statements. Also, members often choose biweekly payments and designate the due dates for their payments, often to coincide with when they receive payroll deposits, all of which will need to be changed in order to comply with these provisions.

In short, to comply with the 21-day rule, credit unions, including those with multi-featured plans (one account with several sub-accounts a member may access) will be required to dismantle consolidated statement systems and other procedures, which have been in place for decades, in order to provide separate statements for each account.



PO Box 431 | Madison, WI 53701-0431 | 5710 Mineral Point Road | Madison, WI 53705-4454 | **PHONE:** 608-231-4000

The Honorable Ben S. Bernanke
July 30, 2009
Page Two

This will be extremely expensive and these expenses, which will be compounded because of the imminent effective date, will have to be borne by the credit unions' membership. We are also very concerned that for some credit unions it will simply be impossible to comply by August 20th, regardless of the funds that may be devoted to making the necessary changes. We realize there was language included in the Supplementary Information accompanying the rule that sought to provide an option to credit unions to provide a temporary disclosure insert with statements, and we appreciate the effort this represents to address our concerns. However, this option will not provide meaningful relief to credit unions seeking to comply.

In light of these problems, it is critical that the Board use its authority under the Truth in Lending Act, as it has when implementing previous TILA amendments, to allow more time for credit unions to comply with these provisions so they are not subjected to needless legal challenges.

We have been in constant contact with our members to determine how to comply with these requirements in the most expeditious manner. While we urge the Board to provide more time for compliance, we also respectfully request that the Board permit credit unions to continue to utilize consolidated statements by placing on each member's monthly statements the dates on which all covered payments are due in the current month and the next month; this will ensure that members receive at least 21-day notice for all open end payments. This may be the most viable option for achieving compliance for open end plans other than credit cards and could alleviate the need to dismantle credit union systems that utilize consolidated statements. However, even with this option, credit unions will still need additional time to implement the various changes to their systems that will be necessary.

Due to the vital importance of this issue to credit unions and the rapidly approaching effective date, we urgently request the opportunity to meet with you as soon as possible to discuss in greater detail credit unions' concerns and the remedies we have outlined. We will contact your office shortly to arrange a mutually convenient date and time.

In the meantime, we appreciate your attention to this very significant issue for credit unions.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel A. Mica". The signature is fluid and cursive, with the first name "Daniel" being more prominent than the last name "Mica".

Daniel A. Mica
President and CEO